

The Regional Perspective



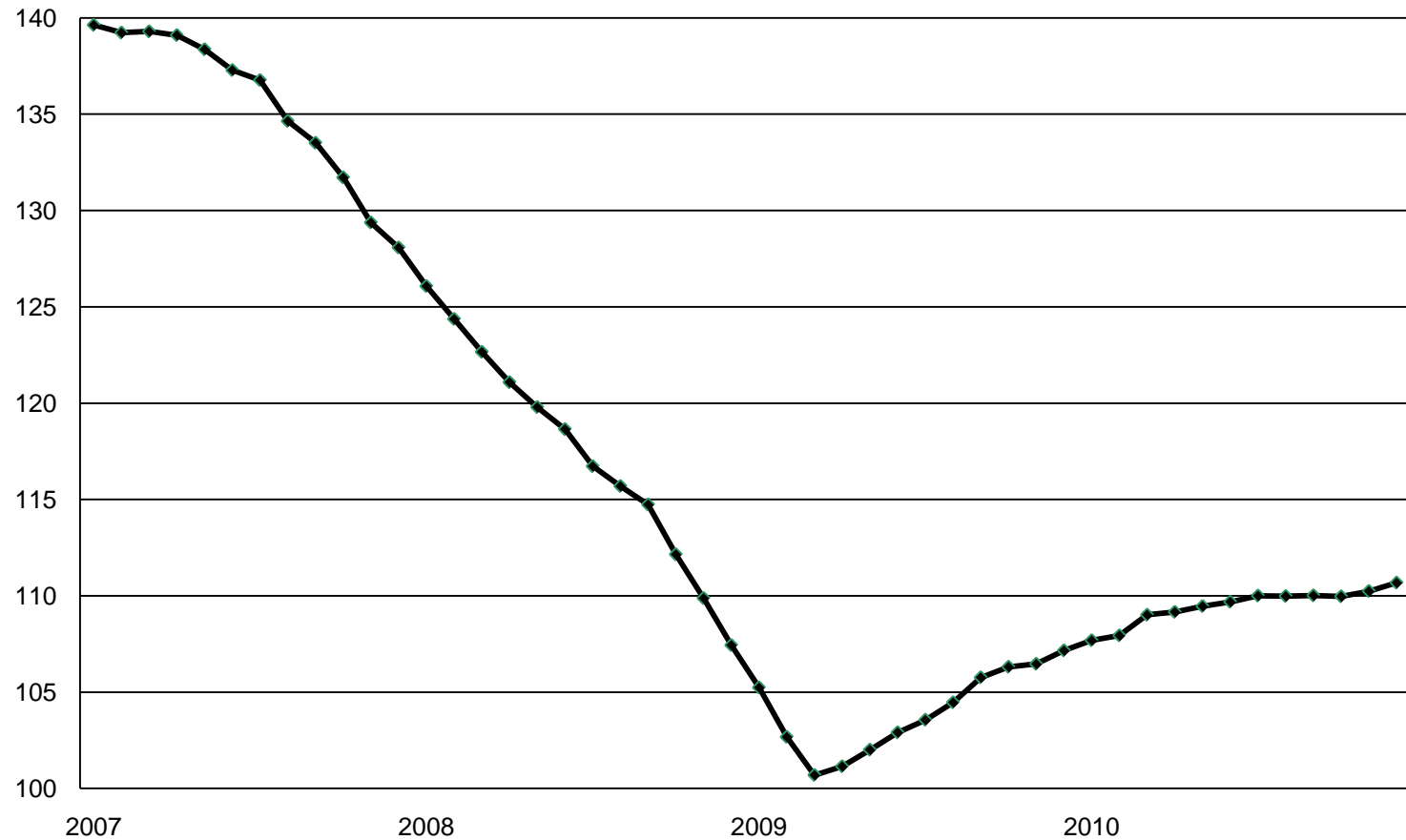
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USD Index of Leading Economic Indicators for San Diego County

- Designed to lead local economy
- Components:
 - Residential units authorized by building permits
 - Local stock prices
 - Initial claims for unemployment insurance
 - Online help wanted advertising
 - Local consumer confidence
 - National Index of Leading Economic Indicators
- Short-term forecasting tool – 6-12 month outlook

Index of Leading Economic Indicators San Diego County (2007 - 2010)



Source: Burnham-Moores Center for Real Estate, University of San Diego

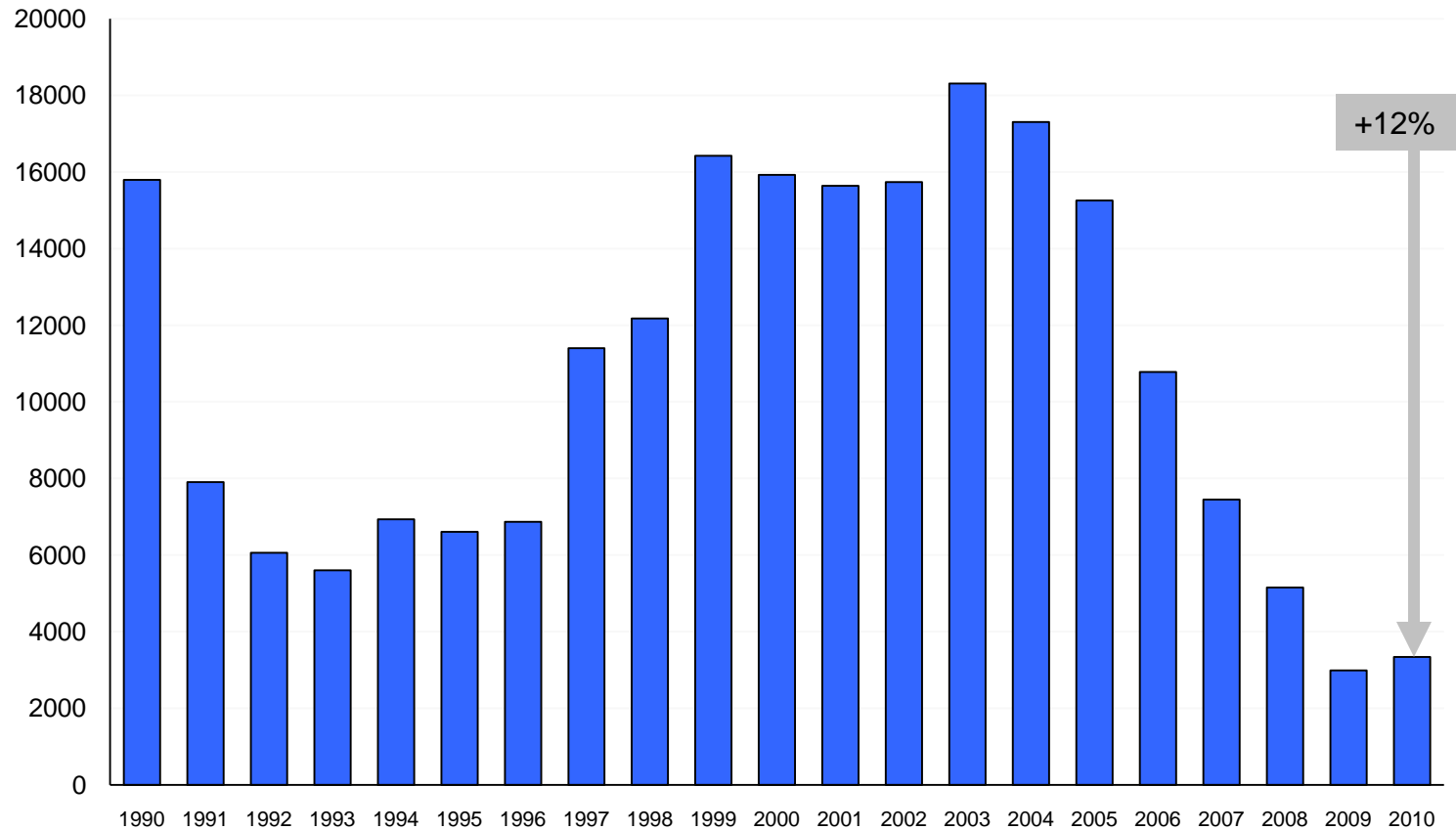
December 2010

Index	+0.4%
Residential units authorized by building permits	-0.72%
Initial claims for unemployment insurance	-0.08%
Local stock prices	+1.22%
Local consumer confidence	+0.05%
Online help wanted advertising	-0.03%
National Index of Leading Economic Indicators	+1.92%

December 2010

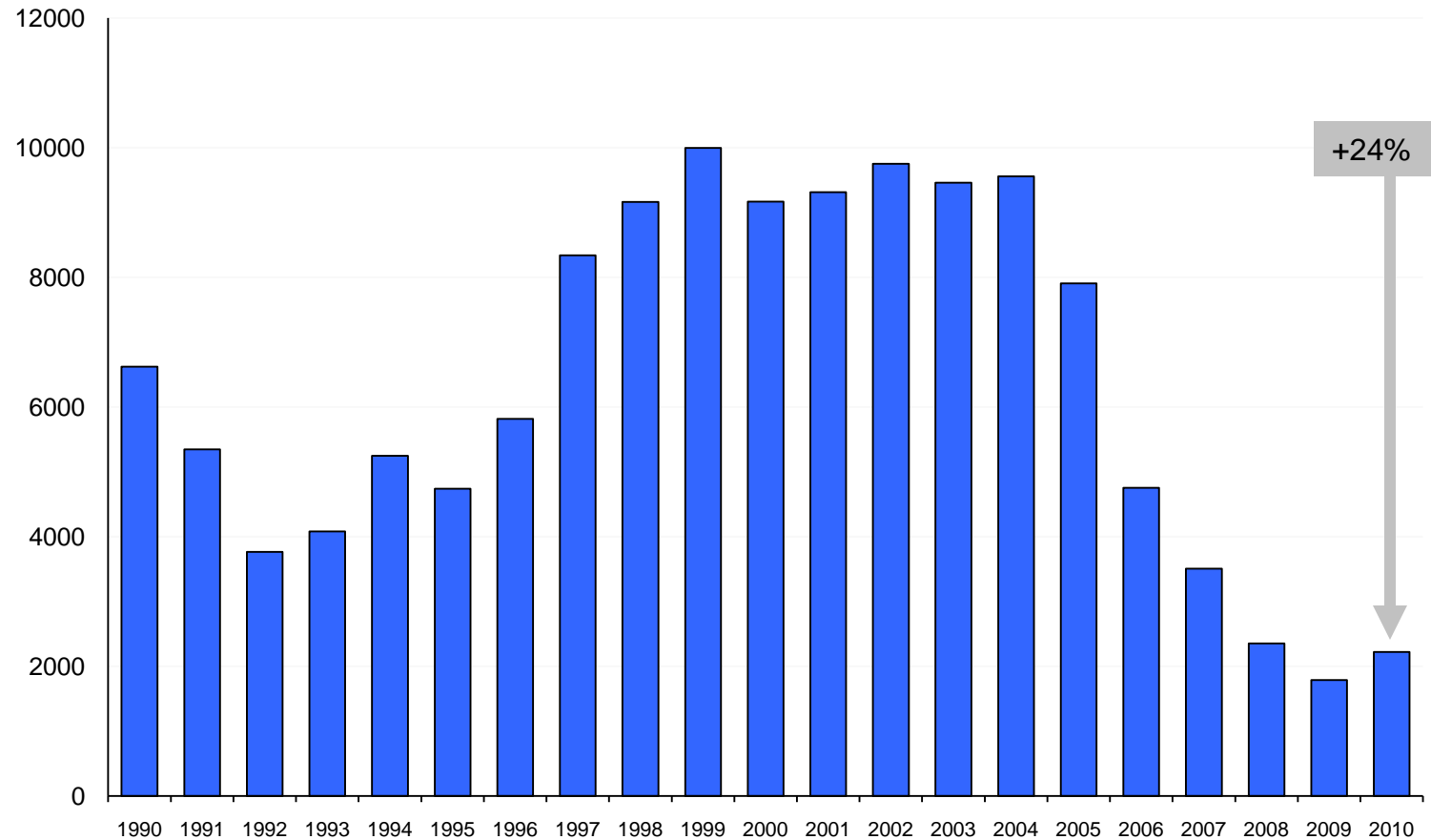
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Residential Units Authorized San Diego County (1990 - Present)



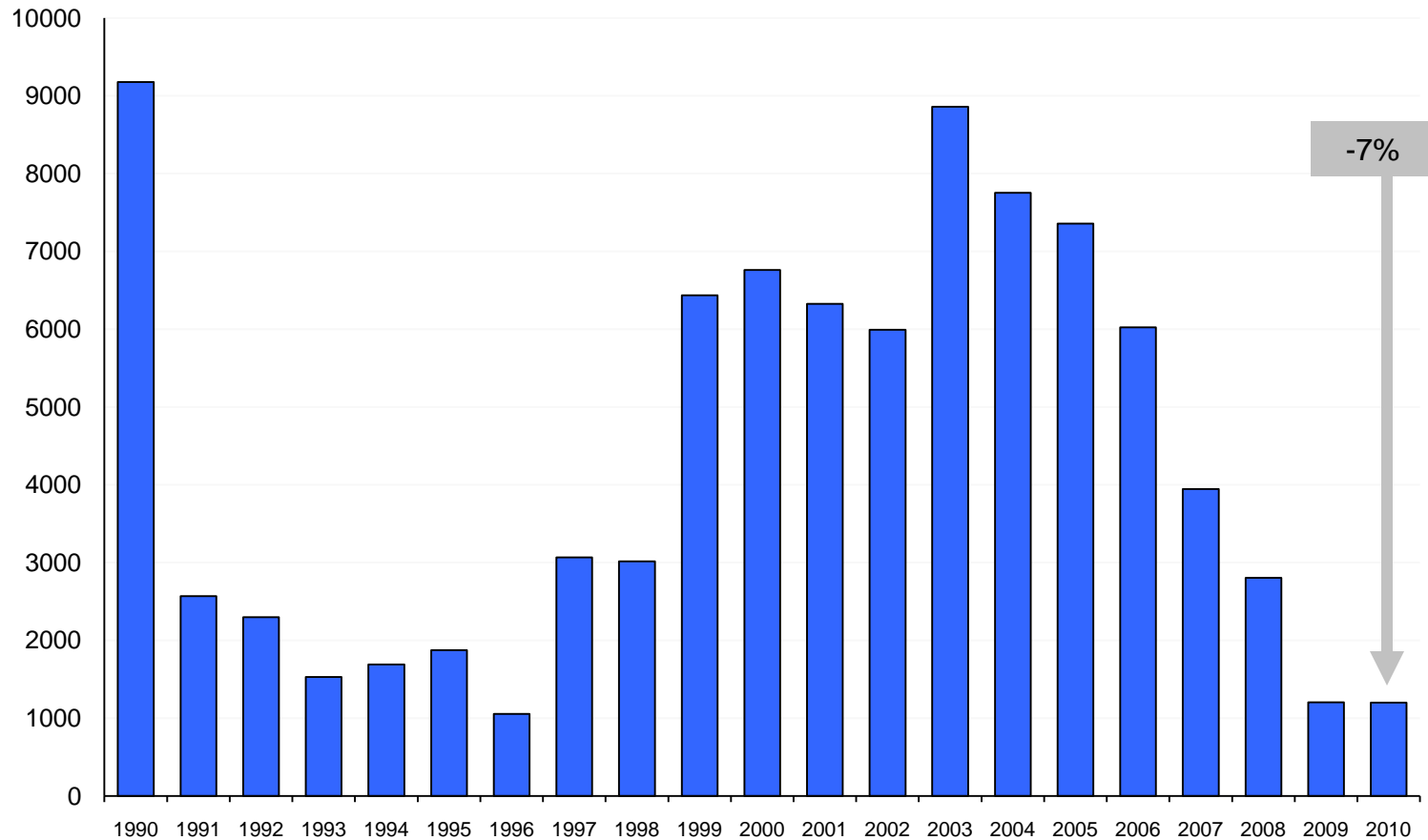
Source: Construction Industry Research Board

Single-Family Units Authorized San Diego County (1990 - Present)



Source: Construction Industry Research Board

Multi-Family Units Authorized San Diego County (1990 - Present)

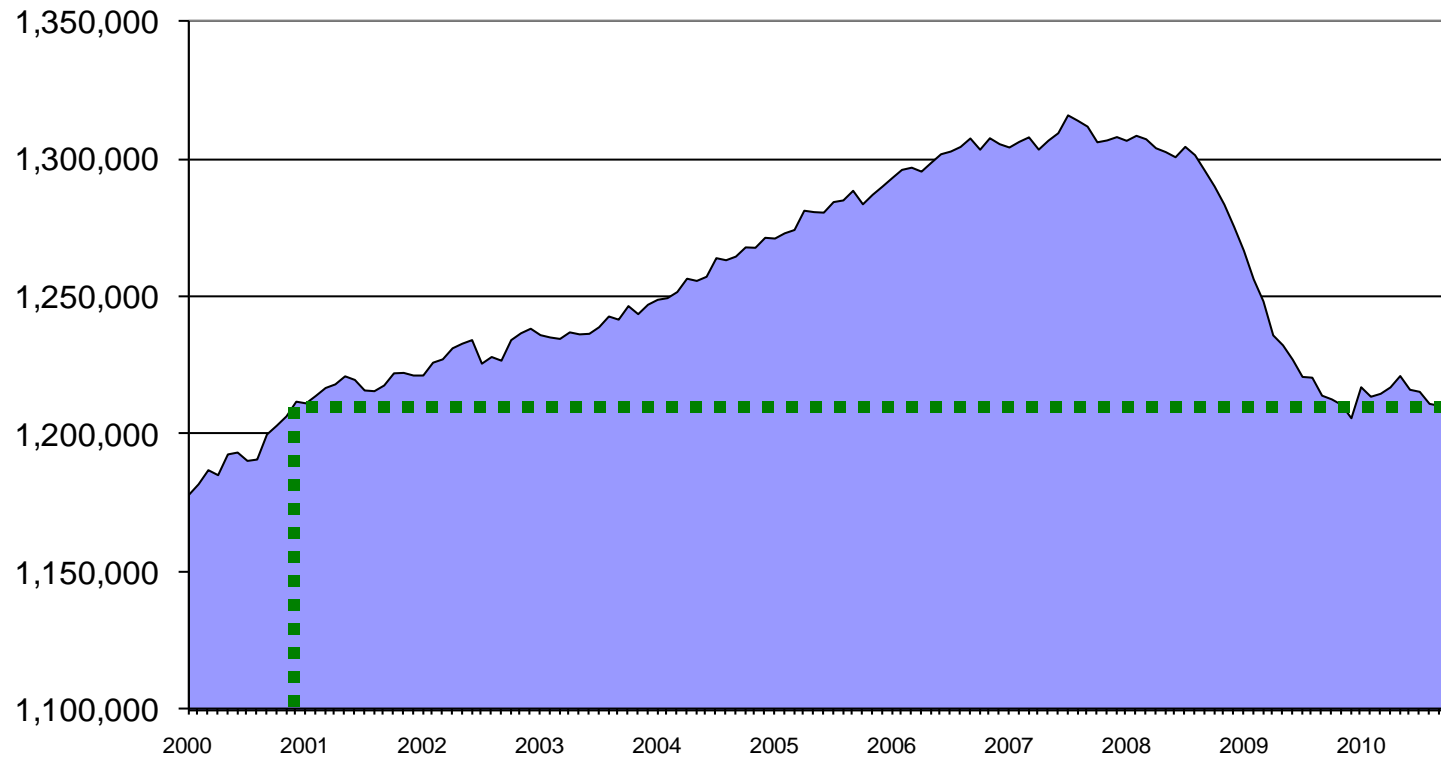


Source: Construction Industry Research Board

December 2010

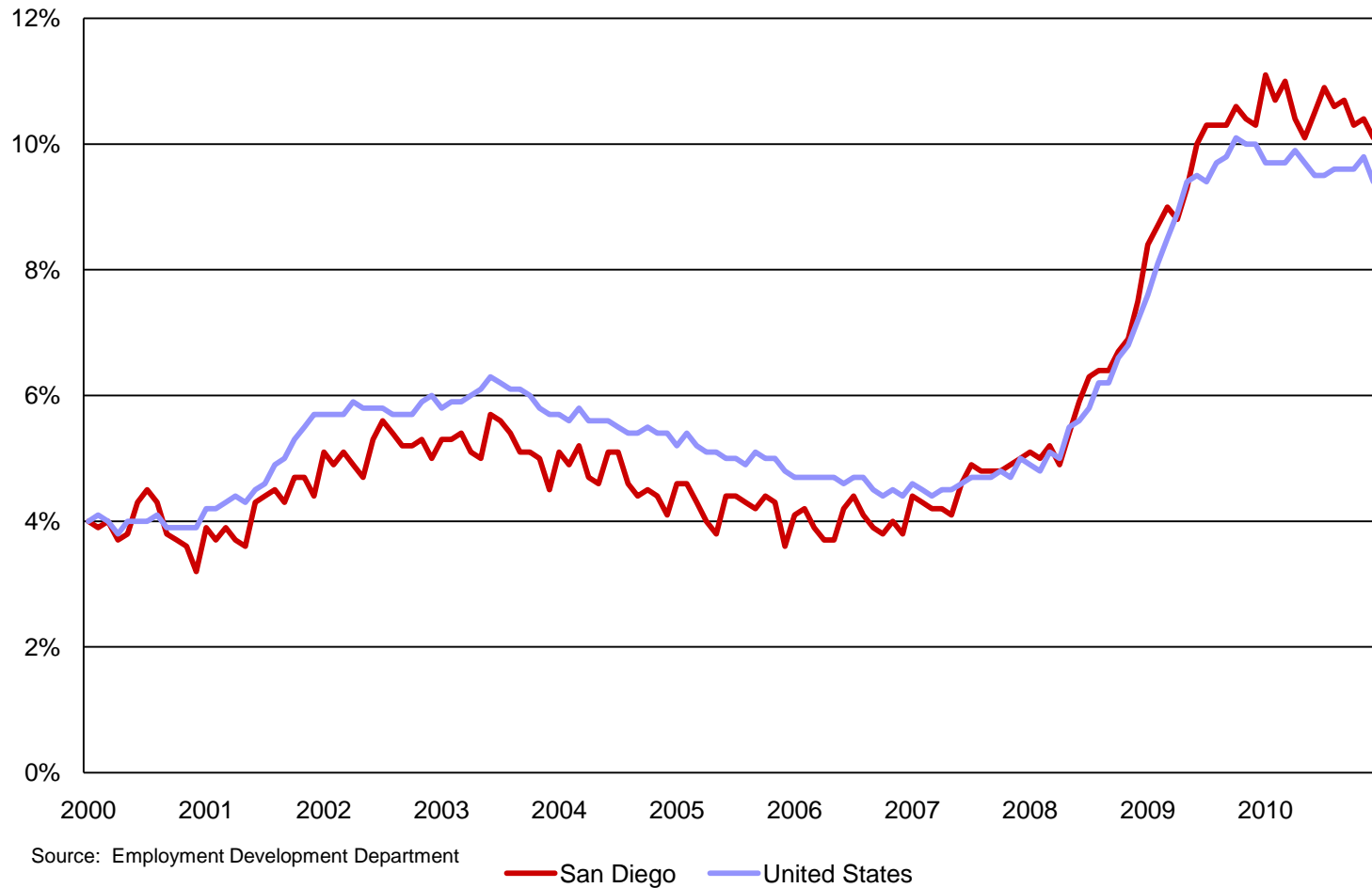
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Seasonally Adjusted Total Employment San Diego County (2000 - Present)

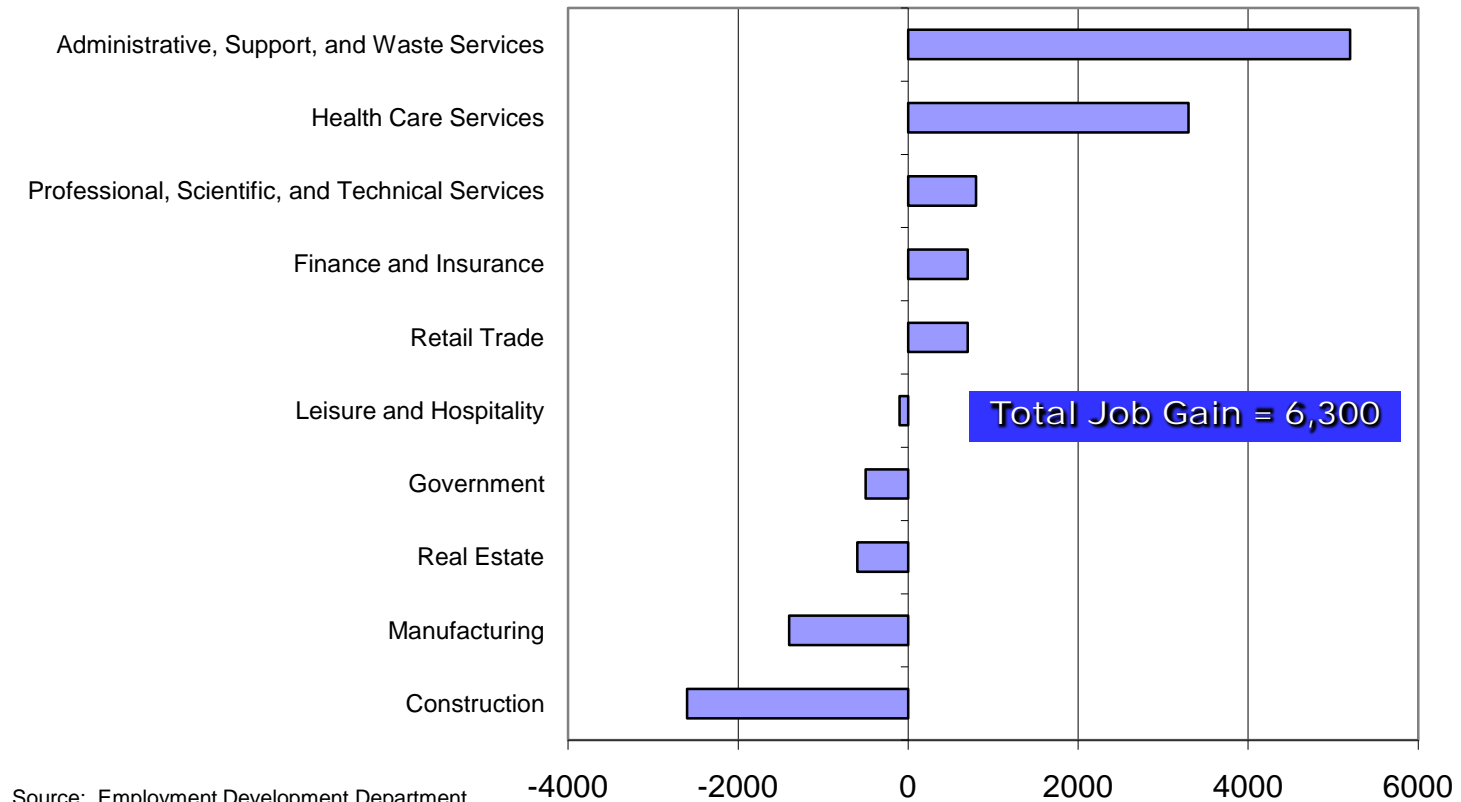


Source: Employment Development Department

Unemployment Rate (2000 - present)



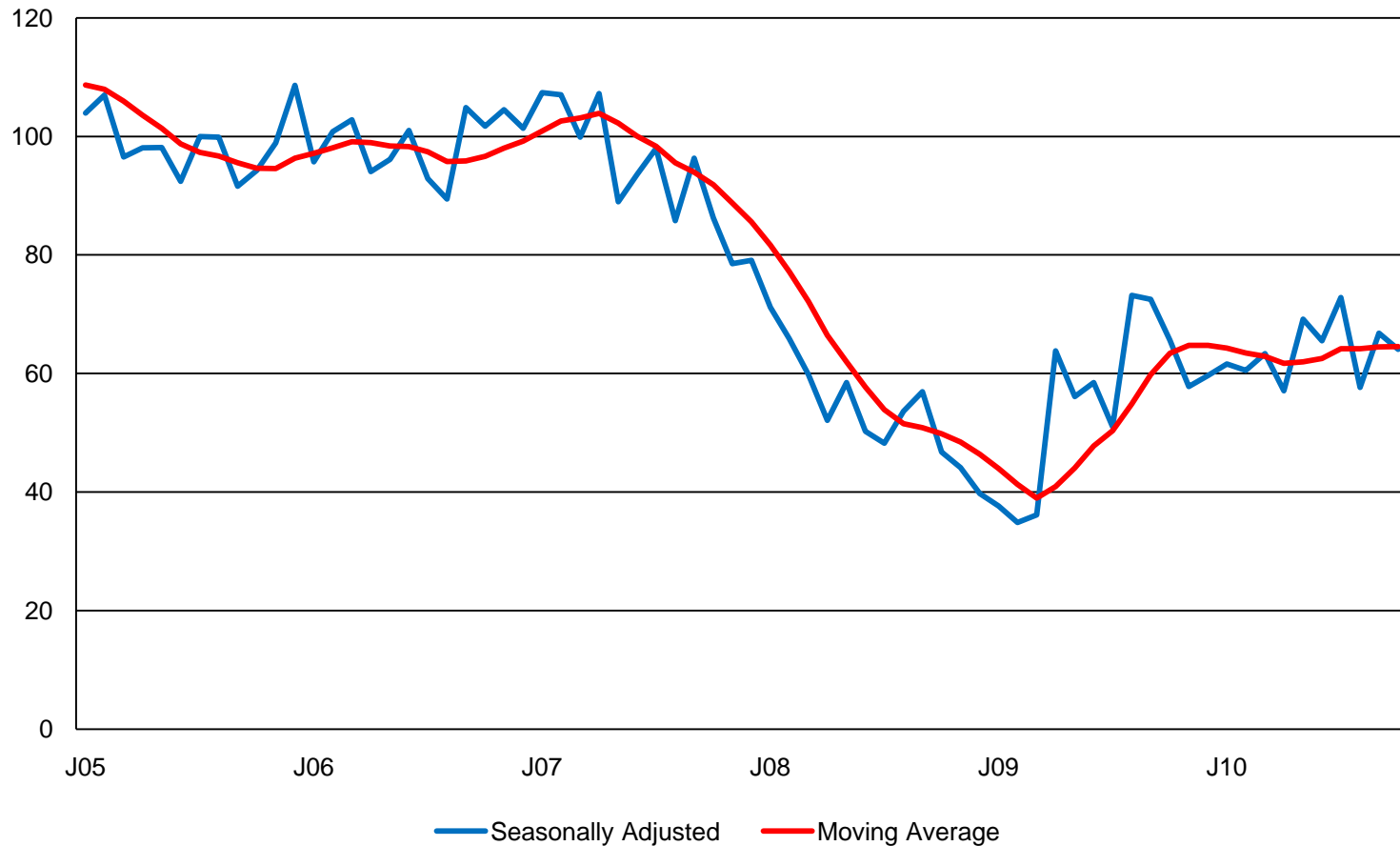
Employment Changes, San Diego County December 2010 vs. December 2009



December 2010

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Consumer Confidence San Diego County (2005 - Present)

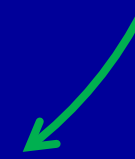
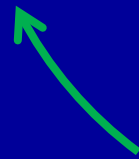
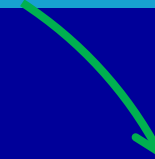
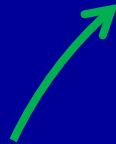


High
Unemployment

Investment
and Hiring
Down

Low Consumer
Confidence

Low Consumer
Spending



Outlook for 2011

- Positive but weak growth expected in year ahead
 - Job growth of 10,000 – 15,000 expected for 2011
 - Unemployment rate to fall into the 9 percent range
 - Job growth in health care, administrative and support services, leisure and hospitality, and construction

Outlook for 2011

- Some strength in housing market
 - Mid-single digit price gain expected in 2011
 - Median price expected to rise from \$333,000 to \$350,000
 - Building permits to rebound to 5,000
 - Interest rates to rise but will still be low by historic standards

Potential Problems

- Federal, state and local budget deficits
- Foreclosures to remain at high levels
- Sharp rise in gas prices
- Continued high unemployment
 - Large number of long-term unemployed
 - Loss of middle class jobs